

Appropriations Committee

Senator Robert “Bob” Burns, Chairman



Katy Yanez, Research Analyst

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APPROPRIATIONS COMMITTEE

LEGISLATION ENACTED

~~bake sales; regulation; exemption~~ (NOW: appropriation; English language learners) (S.B. 1096) – Chapter 34 W/S

SEE EDUCATION K-12 COMMITTEE.

centennial funding; capitol renovation (S.B. 1337) – Chapter 313 W/O

Reverts to the state General Fund \$2,000,000 of the FY 2006-2007 \$2,500,000 appropriation to the Arizona Historical Advisory Commission (AHAC) for purposes relating to the Arizona Centennial (centennial). Transfers \$50,000 of the remaining appropriation to AHAC for deposit in the Arizona Centennial Account to develop and coordinate a statewide plan regarding the centennial. Transfers the remaining \$450,000 to Legislative Council for the costs of the design and site preparation of the renovation of the state capitol building to commemorate the centennial.

Removes the requirement that AHAC receive and account for \$5,000,000 in matching monies through gifts, grants or donations before the appropriation may be spent. Removes the requirement that AHAC expenditures receive an affirmative vote of the Legislative Council. Repeals the FY 2006-2007 transfer of \$50,000 to AHAC to develop and coordinate a statewide centennial plan.

school safety program; reserve officers (S.B. 1401) – Chapter 74

Allows a law enforcement agency to appoint a full authority Arizona Peace Officer Standards and Training Board certified reserve peace officer to participate in the School Safety Program.

appropriations; named claimants (S.B. 1435) – Chapter 315

The annual general relief bill for named claimants, this act appropriates \$181,560 to the Arizona Department of Administration to pay various claims made against the state. Of that amount, \$159,544 is appropriated from the state General Fund, and the remaining \$22,015 is appropriated from other funds.

~~global security risks; investments; prohibition~~ (NOW: divestments; terrorism countries; contract prohibition) (S.B. 1489) – Chapter 201

Requires the State Treasurer (Treasurer), the Arizona State Retirement System (ASRS) and the Fund Manager of the Public Safety Personnel Retirement System (PSPRS) to divest from any company known to support international terrorism. Modifies reporting requirements and policy forming procedures for the Treasurer, ASRS and PSPRS for identifying those countries that are sponsors of terrorism. Appropriates \$60,000 and one-half FTE from the ASRS Administration Account to ASRS for the implementation of divesting from companies that have business activities with countries in violation of supporting international terrorism on the general effective date of the act.

~~municipalities; technical correction~~ (NOW: military facility; reservations; security) (H.B. 2194) – Chapter 300 E

Effective July 1, 2008, classifies as a class 6 felony, criminal trespassing on a military reservation or facility by knowingly entering or remaining unlawfully within a structure or fenced yard of a military reservation or facility. Authorizes the Adjutant General to implement U.S. Department of Defense security methods and establishes new fingerprint requirements for all Department of Emergency and Military Affairs employees, unless specifically exempted.

~~eminent scholars fund; technical correction~~ (NOW: general appropriations act; 2008-2009) (H.B. 2209) – Chapter 285

Effective July 1, 2008, makes state General Fund (GF) and other fund appropriations for FY 2008-2009 for the operation of state government, which includes \$9.9 billion in GF spending. H.B. 2209 includes the following major provisions:

Fund Transfers

- Transfers \$339 million in other funds to the GF.
- Shifts a combined \$106 million from the Highway User Revenue Fund and the State Highway Fund to the Department of Public Safety to fund the State Highway Patrol.

Schools – Building Renewal and New Construction

- Utilizes the K-12 Rollover by deferring \$330 million in Basic State Aid and additional state aid to school districts until July 1, 2009.
- Suspends \$66 million in Building Renewal for schools in FY 2008-2009.
- Defers in FY 2008-2009 \$187 million for the funding of design or construction of new school facilities.
- Reduces GF expenditures by authorizing the School Facilities Board to enter into lease-to-own transactions for up to \$593 million in FY 2008-2009, of which \$344 million is recouped from FY 2007-2008 or prior year expenditures.

Additional Agency Reductions

- Reduces FY 2007-2008 GF appropriations made to state agencies by \$343 million.

For budget details, refer to the Joint Legislative Budget Committee FY 2009 Appropriations Report.

~~regents; scholarships; technical correction~~ (NOW: budget reconciliation; criminal justice) (H.B. 2210) – Chapter 286

Court Fees and Expenses – Allows the Arizona Supreme Court to increase initial and subsequent filing fees and increases fees charged by the clerk of the superior court and justices of the peace. Allows the Arizona Supreme Court to increase the clerk fees by a percentage based on a specific formula. Further distributes monies collected from justice of the peace filing fees into various funds, including the Elected Officials' Retirement Plan, reducing the percentage distributions to current beneficiaries. Requires, based on the county population, certain percentages of the monies transmitted to the county treasurer to be retained and used by the court collecting the fees and continues to require the state and the county to pay a percentage of the compensation and employee-related expenditures of a justice of the peace. Eliminates the requirement that the Arizona Supreme Court print and distribute the court's report of decisions.

Probation and Global Position System (GPS) Monitoring – Allows the court to impose a fee on a probationer who is placed on GPS monitoring in order to offset the cost of the monitoring device and requires the fee to be deposited in the Adult Probation Services Fund. Requires the Administrative Office of the Courts (AOC) to recover a proportional share of the cost of the monitoring devices.

Defensive Driving – Requires, for an individual who attends a defensive driving school, a \$45 surcharge in lieu of the civil penalty or criminal fine payment imposed for a traffic violation and the surcharge to be deposited in the state General Fund (GF).

Photo Enforcement System – Retroactive to July 1, 2008: 1) requires the Department of Public Safety (DPS) to establish a state photo enforcement system, consisting of a civil penalty or fine of \$165; 2) establishes the Photo Enforcement Fund (PE Fund), consisting of monies received from citations or notices of violation issued by the system and appropriated to DPS for administrative and personnel costs of the system with any monies in excess of \$250,000 at the end of each calendar quarter to be deposited in the state GF; 3) prohibits a civil traffic violation or a notice of violation by the system from being considered for the purpose of determining whether the person's driver license should be suspended or revoked.

Restricts, in FY 2008-2009, DPS from spending more than \$2,173,000 from the PE Fund for DPS personnel and related expenditures. Appropriates the sum of \$4,056,600 in FY 2008-2009 from the PE Fund to the AOC to process system citations. Appropriates the sum of \$20,361,300 in FY 2008-2009 from the PE Fund to DPS for contract payments for the operation of the system.

Public Safety Equipment Fund – Establishes the Public Safety Equipment Fund (PSE Fund), administered by DPS, consisting of monies deposited from assessments for violations of driving a vehicle or operating a motorized watercraft or aircraft while under the influence of intoxicating liquor or drugs. Distributes the monies in the PSE Fund as follows: 1) the first \$3,000,000 received each fiscal year is a continuing appropriation to DPS for safety equipment and is exempt from lapsing; 2) requires all other monies each fiscal year to be deposited in the state GF. Appropriates \$500,000 from the first monies received by the PSE Fund in FY 2008-2009 to the Arizona Criminal Justice Commission (ACJC) for distribution to state and local law enforcement and other governmental entities for fire suppression kits for Ford Crown Victoria vehicles. Requires ACJC to distribute the monies on a first-come first-served basis with a maximum of \$1,000 per vehicle and allows DPS to use the remainder of the \$3,000,000 for safety equipment.

Arizona Department of Corrections – Continues to require the Arizona Department of Corrections (ADC) to report line item expenditure detail for actual, estimated and requested expenditures when ADC submits its FY 2009-2010 budget request, containing as much detail as submitted in previous years for prior line items. Allows, retroactive to July 1, 2007, any monies appropriated to the Transition Office Fund to be used for costs to operate transition programs.

Other Funds – Continues for FY 2008-2009 the diversion of Criminal Justice Enhancement Fund monies from the state GF to the Crime Laboratory Assessment Fund and exempts these monies from distribution to political subdivisions.

Allows, for FYs 2007-2008 and 2008-2009, the Attorney General to use monies in the Consumer Fraud Revolving Fund for any operating expenses incurred by the Department of Law, including any cost or expense associated with the tobacco master settlement arbitration.

Time Payment Fee – Makes permanent, by repealing Laws 2006, Chapter 369, the \$20 time payment fee paid to the courts for any penalty, fine or sanction not paid in full on the date the court imposed the fine, penalty or sanction.

Miscellaneous – Renames the “Arizona Public Safety Communications Commission” as the “Arizona Public Safety Communications Advisory Commission” (Commission) and moves the Commission from DPS to the Government Information Technology Agency.

~~regents; officers; technical correction~~ (NOW: budget reconciliation; education) (H.B. 2211) – Chapter 287 W/O

Makes statutory and session law changes necessary to implement the FY 2008-2009 state budget, including:

K-12 Funding – Increases by two percent the additional assistance amount for charter schools and increases the base level for all public schools by two percent in FY 2008-2009. Suspends rapid decline funding for school districts in FY 2008-2009. Specifies the K-12 qualifying tax rate for FY 2008-2009. Extends the “soft cap” on school districts’ budgeting for desegregation activities for FY 2008-2009. Allows school districts, beginning in FY 2009-2010, to increase their budget for actual utility costs by adjusting the school district’s revenue control limit by specified formula amounts (using two-year averages and actual utilities costs in previous years) for FYs 2009-2010, 2010-2011 and 2011-2012 through 2020-2021.

Joint Technological Education District (JTED) – Funds state aid for JTEDs in FY 2008-2009 at 91 percent of the amount that otherwise would be provided by law.

K-12 Rollover – Defers, until July 1, 2009, \$602,627,700 of state aid entitlement for school districts that would otherwise be apportioned to school districts on May 15, 2009, and June 15, 2009. Appropriates \$602,627,700 in FY 2009-2010 from the state General Fund (GF) for the state aid entitlement for school districts deferred in FY 2008-2009 to be disbursed on July 1, 2009, and \$886,200 in FY 2009-2010 from the state GF to offset costs incurred by school districts resulting from the K-12 rollover.

Technology Assisted Project-Based Instruction (TAPBI) – Prohibits the Arizona Department of Education from recouping past TAPBI repayments.

Voluntary Full-Day Kindergarten – Counts kindergarten students as full-time for the purpose of determining a school district’s new construction needs.

Teacher Performance Pay Program (Program) – Specifies the funding percentage increase, by stages, for each fiscal year the Legislature appropriates sufficient monies for the Program. Allows a Career Ladder or Optional Performance Incentive Program (OPIP) school district to participate in the Program, but decreases the school district’s Career Ladder and OPIP funding by the same amount that the Legislature appropriates for participation in the Program.

School Facilities Board (SFB) – Continues the SFB for ten years until July 1, 2018. Prohibits the SFB from funding any new school design or construction for new schools in FY 2008-2009 unless a school district qualifies for new space resulting from the implementation of voluntary full-day kindergarten. Permits the SFB to enter into lease-to-own transactions up to \$593 million in FY 2008-2009, limited to up to 15-year terms.

Suspends the building renewal formula for FY 2008-2009. Directs the SFB to administer the newly created Building Renewal Grant Fund (Grant Fund) for primary building renewal projects, such as major renovations and repairs, for school district buildings currently in the SFB's database.

Authorizes the SFB, until December 31, 2008, to enter into a loan agreement for up to \$12 million with a union high school district to fund facilities costs under certain conditions. Requires the school district to conduct a Class B bond election and repay the SFB loan from bond proceeds, and, if the bonds are not approved, the school district must repay the loan with building renewal or unrestricted capital outlay monies.

Task Force on the Arizona Assessment of Achievements Test (Task Force) – Creates a seven-member Task Force, consisting of appointments by the State Board of Education, to: 1) examine high stakes tests in other states that incorporate a national college admission test; 2) develop an Arizona Assessment of Achievements test; and 3) submit a report to the Governor and the Legislature on the Task Force's recommendations by June 30, 2009.

Lottery Changes – Prohibits any lottery game or game play style that uses gaming devices or video lottery terminals. Eliminates the four percent cap on lottery promotion or advertising services. Expands the range of compensation for licensed retail sales agents. Modifies the percentage distribution cap of lottery revenues to beneficiaries and creates three new "buckets" or lottery beneficiaries: 1) University Capital Improvement Lease-To-Own and Bond Fund (University Fund); 2) Department of Environmental Quality's Water Supply Development Fund; and 3) Community Protection Initiative Fund. Appropriates \$750,000 from the State Lottery Fund in FY 2008-2009 to the Arizona State Lottery for an agency-wide performance based compensation plan.

University Capital Improvement – Authorizes the Arizona Board of Regents (ABOR) to issue up to \$1 billion in lease-to-own or bond agreements for building renewal projects and new facilities, of which \$470 million is allocated for the University of Arizona Phoenix biomedical campus. Creates the University Fund, consisting of monies from lottery distributions, monies deposited by the ABOR and legislative appropriations. Requires ABOR to fund at least 20 percent of the debt service payments, with the remaining 80 percent received through lottery distributions. Exempts the proceeds from the \$1 billion issuance from each university's debt limit.

Arizona Commission for Postsecondary Education (ACPE) – Continues the ACPE for two years, until July 1, 2010. Modifies the eligibility requirements of the Postsecondary Education Grant (PEG) and allows good cause exceptions for minimum years for degree completion required by the PEG and the Private Postsecondary Education Student Financial Assistance Program.

Community Colleges – Suspends capital outlay funding for the community college system in FY 2008-2009.

Miscellaneous – Repeals the nonlapsing FY 2006-2007 appropriation for the E-Learning Pilot Program and directs unexpended monies to the state GF. Suspends the state match of 2:1 for the Arizona Financial Aid Trust Fund.

~~domestic relations; temporary orders~~ (NOW: budget reconciliation; health) (H.B. 2275) – Chapter 288

Makes statutory and session law changes related to health and welfare issues to implement the FY 2008-2009 budget.

Arizona Health Care Cost Containment System (AHCCCS) – Prohibits, for rates effective October 1, 2008, through September 30, 2009, AHCCCS from increasing the inpatient hospital tier per diem rates, inpatient hospital outlier thresholds or aggregate outpatient hospital fee schedule rates above the rates in effect on September 30, 2008, except that AHCCCS shall continue the phase-in of outlier cost-to-charge ratios.

Requires the AHCCCS Administration to determine every six months, rather than on an annual basis, the continued eligibility of any childless AHCCCS recipient who is at least 21 years old.

Makes permanent the KidsCare Parents Program (Program). Conditions the Program on the availability of an enhanced three-to-one federal match rate for the Program; ends eligibility for the Program on the expiration of the enhanced match rate.

Requires, in FY 2008-2009, Maricopa County to transfer \$24,168,400 and Pima County to transfer \$3,794,400 to the AHCCCS Administration for deposit in the Budget Neutrality Compliance (BNC) Fund. Allows the counties to meet these requirements from any source of county revenue designated by the county, and excludes the payments from county expenditure limitations.

Sets the county contributions for Arizona Long Term Care System (ALTCS) by county. Prohibits, in FY 2008-2009, the AHCCCS Administration from transferring \$17,830,500 to counties for refunds of county ALTCS costs for FYs 2006-2007 and 2007-2008, and requires AHCCCS to deposit the money in the BNC Fund.

Decreases Maricopa County's FY 2008-2009 acute care contribution by \$1,515,200 below FY 2007-2008. Continues county contributions for various programs at FY 2007-2008 levels. Continues to exclude, retroactive to June 30, 2004, county contributions for Proposition 204 administrative costs and hospitalization and medical care from county expenditure limitations.

Suspends the Temporary Medical Coverage Program during FY 2008-2009.

Disproportionate Share Hospital (DSH) Payments – Continues to require the Maricopa Special Health Care District (District) and the Arizona State Hospital (State Hospital) to provide a certified public expense (CPE) form for qualifying DSH expenditures. Continues to require the AHCCCS Administration to distribute \$4,202,300 to the District and deposit the remaining federal funds into the state General Fund. Prescribes procedures for when the CPE amount is less than estimated. Stipulates that the DSH payments include \$26,147,700 for private qualifying DSH hospitals.

Maricopa Integrated Health System (MIHS) Audit – Requires the Auditor General to conduct a financial and performance audit of the District, including MIHS, and provide a report to the Governor and Legislature by March 15, 2009. Prescribes the content of the report, including identifying and examining the current financial, administrative and operational issues of the District, and identifying changes required to ensure financial stability.

Healthcare Group (HCG) – Increases, from one to two, the minimum number of employees an employer must have in order to contract for HCG coverage. An employer group of one eligible employee who is enrolled in HCG before the effective date of this act may continue to be enrolled in HCG if the employer group continues to meet any applicable requirements for enrollment.

Reduces the required “go-bare” period for enrollment in HCG from six to three months. Requires, beginning August 1, 2008, through June 30, 2009, HCG to limit enrollment to no more than five percent more than the number of employer groups enrolled as of July 31, 2008. Requires, beginning July 1, 2009, and each subsequent fiscal year, HCG to limit employer group enrollment to no more than five percent more than the number of employer groups enrolled in the program at the end of the preceding fiscal year. Requires priority for new enrollment in HCG to be given to uninsured groups.

Prohibits the AHCCCS Administration and contractors from reimbursing a hospital that is not contracted with HCG for services provided at the hospital to a member of HCG, except for emergency services. Sets the reimbursement rate for an emergency medical condition at a noncontracted hospital depending on the county population. Requires noncontracted hospitals to notify the contractor when a member is stabilized.

Allows the AHCCCS Administration to contract directly with health care providers in counties with less than 500,000 persons.

Requires the AHCCCS Administration to set premiums that cover projected medical and administrative costs in the aggregate for the contract period and that are determined pursuant to generally accepted actuarial principles and practices by an independent actuary. Requires the AHCCCS Administration to consider age, sex, health status-related factors, group size, geographic area and community rating when it establishes premiums for HCG.

Prohibits a health benefit plan from providing or offering any service, benefit or coverage that is not part of the plan contract. Requires the AHCCCS Administration to establish utilization management control standards for participating contractors that meet nationally recognized standards for managed care utilization. Stipulates that contractors that do not meet these standards are not eligible for stop-loss coverage for medical costs in excess of these standards.

Requires the AHCCCS Administration to submit quarterly financial reports on HCG, an annual fiscal audit and the actuarial analysis used to establish premiums to the Joint Legislative Budget Committee.

Department of Health Services – Continues to require Maricopa and Pima counties and all cities to pay 86 percent of restoration to competency costs. Continues to exempt all other counties from paying these costs.

Reduces, retroactive to June 30, 2008, the fund balance deposited in the Health Crisis Fund from the Medically Needy Account from \$1,000,000 to \$500,000 on July 1, 2008.

State Employee Health Insurance – Continues to prohibit the Arizona Department of Administration from implementing a differentiated health insurance premium based on the integrated or nonintegrated status of a state employee health insurance provider beginning October 1, 2008.

Arizona Pioneers’ Home and Disabled Miners Hospital – Retroactive to July 1, 2008, the Arizona Pioneers’ Home and Disabled Miners Hospital is continued until July 1, 2016.

Behavior Analysts – Establishes licensure and regulation of behavior analysts by the Board of Psychologist Examiners (Board). Requires, beginning January 1, 2010, a person who wishes to practice as a behavior analyst to be licensed by the Board. Outlines the educational and experience

requirements of licensees. Enumerates duties of the Board, including licensing and regulating behavior analysts, conducting investigations of complaints and taking disciplinary action.

~~special education; age eligibility~~ (NOW: capital outlay; fiscal year 2008-2009) (H.B. 2278) – Chapter 289

Makes appropriations and session law changes related to capital outlay for the FY 2008-2009 state budget.

Building Renewal – Appropriates the following amounts in FY 2008-2009 to the following agencies for building renewal:

AGENCY	FUND	AMOUNT
Department of Administration (ADOA)	Capital Outlay Stabilization Fund	\$6,100,000
Department of Transportation (ADOT)	State Highway Fund	\$4,052,000
	State Aviation Fund	\$156,900
Arizona Exposition and State Fair Board	Arizona Exposition and State Fair Fund	\$1,794,300
Game and Fish (G&F) Department	G&F Fund	\$531,000
Arizona Lottery Commission	State Lottery Fund	\$68,000

Major Capital Projects – Appropriates the following amounts in FY 2008-2009 to the following agencies for major capital projects:

AGENCY	PURPOSE	FUND	AMOUNT
ADOA	Capital Mall fire systems replacement	Capital Outlay Stabilization Fund	\$491,000
G&F	Boat shade canopies	Watercraft Licensing Fund	\$120,000
	Boat registration kiosks	Watercraft Licensing Fund	\$240,000
	Shooting range access improvements	G&F Capital Improvement Fund	\$150,000
	Statewide preventative maintenance	G&F Fund	\$30,000
	Headquarters construction	Watercraft Licensing Fund	\$80,000
	Yuma office remodel/expansion	G&F Capital Improvement Fund	\$954,000
	Mesa office paving project	G&F Capital Improvement Fund	\$250,000
ADOT	Statewide highway construction	State Highway Fund (SHF)	\$305,582,000
	Airport planning and development	State Aviation Fund	\$31,200,000
	Far southeast valley highway maintenance yard	SHF	\$2,350,000
	De-icer buildings	SHF	\$1,825,000
	Oil and asphalt storage tanks	SHF	\$1,389,000
	Vehicle wash systems	SHF	\$2,075,000

Miscellaneous – Eliminates a \$2,207,000 appropriation from the state General Fund to ADOA for renovation of the old Health Laboratory.

Allows the Director of ADOA to enter into a 15-year lease-purchase agreement for the issuance of certificates of participation in an amount not to exceed \$7,500,000 for the design and construction of a state emergency operations center.

Appropriates \$600,000 from the Safety Enforcement and Transportation Infrastructure Fund in FY 2008-2009 to ADOT to provide funding to the Arizona-Mexico Commission, the Department of Homeland Security and the Arizona International Development Authority for improving traffic safety, border security and infrastructure planning.

~~industries for the blind; procurement~~ (NOW: budget reconciliation; general revenues) (H.B. 2391) – Chapter 290

Makes necessary statutory and session law changes relating to general revenues to implement the FY 2008-2009 budget.

Urban Revenue Sharing – Establishes a minimum distribution amount for incorporated cities and towns equal to the amount a city or town with a population of 1,500 or more persons would receive from the Urban Revenue Sharing Fund.

Research and Development Tax Credit – For tax year (TY) 2010, increases both the corporate and income research tax credits from 20 percent to 22 percent of qualified expenses up to \$2.5 million and 13 percent of the excess of \$2.5 million. For TY 2011 and each tax year thereafter through TY 2017, increases both the corporate and income research tax credits from 22 percent to 24 percent of qualified expenses up to \$2.5 million and 15 percent of the excess of \$2.5 million. Restores the computation of the credit to TY 2008 methodology beginning TY 2018.

Department of Public Safety and Highway Funds – For FY 2008-2009, suspends the statutory caps limiting the level of Highway User Revenue Fund monies and State Highway Fund monies available to fund Department of Public Safety highway patrol costs.

Arizona Department of Revenue (DOR) – Requires, retroactive to July 1, 2008, the Joint Legislative Budget Committee (JLBC) to review, before DOR executes any extension or modification of the Business Reengineering/Integrated Tax System contract that will increase the contractor's share of gain-sharing proceeds from state revenues during FY 2008-2009.

Allows DOR to utilize up to \$1.57 million to pay data center charges after review of an expenditure plan by JLBC.

~~postsecondary education commission; duties~~ (NOW: budget reconciliation; budget procedures) (H.B. 2462) – Chapter 291

Arizona Department of Commerce (ADOC) – Reduces, from \$25,000,000 to \$22,500,000, the appropriation from the state General Fund (GF) in FY 2008-2009 for deposit into the Twenty-first Century Competitive Initiative Fund (Fund), and further deposits the same money from the Fund into the Commerce and Economic Development Commission (CEDC). Increases, from \$25,000,000 to \$27,500,000, the appropriation from the state GF in FY 2010-2011 for deposit into the Fund, and further deposits the same money from the Fund to the CEDC. Authorizes nonstate cash or auditable cash equivalent governmental investments, in addition to private or philanthropic cash or auditable cash equivalent investments, to be used to meet the match requirement to expend Fund monies. Limits contributions from governmental investments and other auditable cash equivalent contributions to no more than 50 percent of the match requirement.

Increases, from \$180,000 to \$337,700, the amount allocated to ADOC in FY 2008-2009 to administer the Motion Picture Tax Incentive Program and authorizes the expenditure of these monies to increase the number of full-time equivalent positions from two to six.

Department of Emergency and Military Affairs – Reduces, from \$4,000,000 to \$3,500,000, the aggregate amount of all liabilities that may be incurred during a declaration of emergency in FY 2008-2009.

Arizona State Retirement System (ASRS) – Exempts from lapsing, retroactive to July 1, 2008, the amount appropriated to the ASRS Information Technology Plan special line item in FY 2004-2005 through June 30, 2009.

Corrections Officer Retirement Plan (CORP) – Changes, from July 1, 2009, to the general effective date, the date that CORP member contribution rates, except for dispatchers, increases from 7.96 percent to 8.41 percent.

Secretary of State – Prohibits, retroactive to March 1, 2008, the Secretary of State from implementing the provisions or rules relating to the registration of professional employer organizations before July 1, 2010.

Vehicle License Tax (VLT) – Enables county VLT monies to be used for any purpose related to transportation as determined by the board of supervisors.

Department of Weights and Measures (DWM) – Increases, from \$500 to \$1,000, the maximum civil penalty a person be assessed by DWM for violating a licensing requirement or any other DWM rule. Increases, from \$5,000 to \$10,000, the aggregate amount of civil penalties that may be assessed by DWM for any 30-day period at any business location. Exempts DWM from rulemaking requirements for the purpose of raising civil penalties for a period of one year from the general effective date.

Government Information Technology Agency – Increases, retroactive to July 1, 2008, from .15 percent to .20 percent, the pro rata share of technology costs charged to agencies.

Fees For Services – Authorizes the director of each specified agency to raise fees in FY 2008-2009 for agency services. Intends additional revenues generated by the fee increases not to exceed the corresponding amounts:

- Department of Public Safety – \$7,800,300
- Department of Agriculture – \$1,100,000
- Department of Environmental Quality – \$600,000
- Department of Health Services – \$600,000
- State Land Department – \$600,000
- Radiation Regulatory Agency – \$400,000

Exempts these agencies from rulemaking requirements for a period of one year from the general effective date for the purpose of raising fees. Enables, as the result of a fee increase by a specified agency, a county to meet any statutory funding requirement from any source of county revenue, including funds of any countywide special taxing district in which the board of supervisors acts as the board of directors. Excludes county contributions that are made as the result of a fee increase by any of the specified agencies from county expenditure limitations.

Federal Funds – Requires, retroactive to May 1, 2008, any unrestricted federal monies received from May 1, 2008, through June 30, 2009, to be deposited in the state GF for the payment of essential governmental services.

Accounting Procedure – Requires any nonlapsing monies appropriated from the state GF that remain unexpended and unencumbered at the close of FY 2008-2009 to be counted as part of the closing balance.

~~biofuels conversion program~~ (NOW: budget adjustments; fiscal year 2007-2008) (H.B. 2620) – Chapter 53

Upon signature of the Governor, April 18, 2008, makes statutory and session law changes necessary to implement the adjusted FY 2007-2008 state General Fund (GF) budget. The bill reduces GF operating expenses, transfers monies from various other funds to the GF, reverts unspent and unencumbered balances and delays and reduces appropriations in order to reconcile an anticipated FY 2007-2008 state GF shortfall. The bill also makes supplemental appropriations to several state agencies.

Reduces the FY 2007-2008 appropriations made from the GF to the following budget units by the corresponding amounts listed below:

AGENCY	AMOUNT
Department of Administration (ADOA)	(\$1,484,800)
Department of Agriculture	(600,000)
Office of Administrative Hearings	(4,500)
Commission on the Arts	(100,000)
Attorney General	(500,000)
Biomedical Research Commission	(1,000,000)
State Capitol Postconviction Defender Office	(15,000)
Department of Commerce	(1,850,000)
Corporation Commission	(175,000)
Department of Corrections (ADC)	(19,416,900)
Arizona Criminal Justice Commission	(1,000,000)
Department of Economic Security (DES)	(12,550,000)
Arizona Department of Education (ADE)	(50,050,000)
Department of Environmental Quality (ADEQ)	(600,000)
Governor's Office of Equal Opportunity	(13,000)
State Board of Equalization	(14,000)
Board of Executive Clemency	(60,000)
Department of Financial Institutions	(200,000)
Department of Fire, Building and Life Safety	(300,000)
Arizona Geological Survey	(60,000)
Government Information Technology Agency	(600,000)
Office of the Governor	(225,000)
Governor's Office of Strategic Planning and Budgeting (OSPB)	(69,400)
Department of Health Services (DHS)	(4,907,300)
Arizona Historical Society	(80,000)
Prescott Historical Society	(15,000)
Arizona Commission of Indian Affairs	(5,000)
Department of Insurance	(435,500)
Judiciary – Supreme Court	(447,800)
Judiciary – Court of Appeals	(45,000)
Judiciary – Superior Court	(653,500)
Department of Juvenile Corrections	(1,054,200)
State Land Department	(1,200,000)
Law Enforcement Merit System Council	(2,000)
Legislature – Auditor General	(563,700)
Legislature – House of Representatives	(370,000)
Legislature – Joint Legislative Budget Committee (JLBC)	(90,000)
Legislature – Legislative Council	(171,000)
Legislature – Arizona State Library, Archives and Public Records	(233,000)
Legislature – Senate	(256,000)
Department of Liquor Licenses and Control	(150,000)

Department of Mines and Mineral Resources	(25,000)
Arizona State Parks Board	(345,000)
Arizona Pioneers' Home	(63,000)
Department for Postsecondary Education	(3,700,000)
Department of Public Safety (DPS)	(1,121,100)
Arizona Department of Racing	(150,000)
Radiation Regulatory Agency	(80,000)
State Real Estate Department	(230,800)
Department of Revenue	(2,393,300)
School Facilities Board	(8,000,000)
Secretary of State	(138,000)
State Board of Tax Appeals	(6,300)
Office of Tourism	(1,000,000)
Department of Transportation (ADOT)	(2,000)
State Treasurer	(169,000)
Arizona Board of Regents	(875,000)
Universities – All Campuses	(14,700,000)
Arizona State University – Main Campus	(5,250,000)
University of Arizona – Main Campus	(5,250,000)
Department of Weights and Measures	(100,000)

Transfers to the GF, before July 1, 2008, the following amounts of monies from the corresponding funds or sources:

FUND SOURCE	AMOUNT
Accountancy Board Fund	\$2,056,000
Acupuncture Board Fund	100,000
Certificate of Participation Fund	1,266,700
Construction Insurance Fund	4,170,200
Motor Vehicle Pool Revolving Fund	3,237,500
Retiree Accumulated Sick Leave Fund	3,483,900
ADOA – Risk Management Revolving Fund	6,614,400
State Employee Suggestion Program Award Fund	63,100
Management Services Division Plan Deposits Fund	44,400
Arizona Grain Research Fund	80,000
Arizona Citrus Research Council Fund	40,000
Seed Law Fund	25,000
Aquaculture Fund	20,000
Arizona Iceberg Lettuce Research Council Fund	41,400
Commodity Promotion Fund	30,000
Pesticide Fund	15,000
Fertilizer Materials Fund	300,000
Children's Health Insurance Program Fund	1,506,200
Board of Appraisal Fund	537,900
Anti-Racketeering Revolving Fund	500,000
Prosecuting Attorney Council Fund	1,000,000
Board of Barbers Fund	400,000
Chiropractic Board Fund	100,000
Job Training Fund	13,000,000
Military Installation Fund	300,000
Registrar of Contractors Fund	2,066,300
Utility Regulation Revolving Fund	1,680,300
ADC – Revolving Fund	800,000
ADC – Transition Office Fund	800,000
ADC – Transition Program Drug Treatment Fund	1,300,000
ADC – Criminal Justice Enhancement Fund (CJEF) Distributions Fund	1,000,000

Board of Cosmetology Fund	3,091,800
Arizona Criminal Justice Commission (ACJC) – DUI Abatement Fund	1,200,000
ACJC – Victims Compensation Fund	2,000,000
Telecommunication Fund for the Deaf	5,553,600
Dental Board Fund	4,200,000
Spinal and Head Injuries Trust Fund	2,000,000
Arizona Training Program – Phoenix Fund	1,600,000
DES – Mesa Land Fund	400,000
Special Education Fund	15,500,000
ADE – Internal Services Fund	525,100
English Learner Class Personnel Bonus Fund	200,000
State Armory Property Fund	100,000
ADEQ – Recycling Fund	1,097,100
Clean Air In-Lieu Fee Account and Arizona Clean Air Fund Balance Fund	5,088,700
Underground Storage Tank Revolving Fund	28,419,700
Water Quality Assurance Revolving Fund	3,000,000
Arizona Escrow Guaranty Fund	1,000,000
Funeral Directors & Embalmers Fund	100,000
Game and Fish Watercraft License Fund	4,732,700
Game and Fish Department – Off-Highway Vehicle Recreation Fund	395,000
Game and Fish Fund	2,827,600
Livestock/Breeders Award Fund	2,000,000
DHS – Intergovernmental Agreements	17,189,900
Emergency Medical Services Operating Fund	6,200,000
DHS – Indirect Cost Fund	6,100,000
Substance Abuse Treatment Fund	1,500,000
DHS – Indirect Cost Recovery Fund	10,500
Serious Mental Illness Fund	43,400
DHS – Internal Services Fund	107,800
Vital Records Electronic Systems Fund	500,000
Hearing and Speech Professionals Fund	400,000
Medical Services Stabilization Fund	138,700
Tobacco Tax and Health Care Fund – Health Education Account	2,000,000
Housing Program Fund	2,775,900
Housing Trust Fund	10,244,000
Housing Development Fund	364,000
Industrial Commission Administrative Fund	3,530,900
Juvenile Delinquent Reduction Fund	1,552,900
Judicial Collection Enhancement Fund	1,500,000
Supreme Court CJEF Disbursement Fund	1,500,000
Arizona Lengthy Trial Fund	1,000,000
Criminal Justice Enhancement Fund	300,000
State Education System for Committed Youth Fund	500,000
Liquor License Special Collections Fund	500,000
State Lottery Fund	5,996,400
Arizona Medical Board Fund	1,350,000
Medical Student Loan Fund	179,000
Naturopathic Physician Examiners Board Fund	1,000,000
Nursing Board Fund	75,000
Osteopathic Board Fund	250,000
Drug Treatment and Education Fund	2,000,000
Off-Highway Vehicle Recreation Fund	1,500,000
State Lake Improvement Fund	4,100,000
Board of Pharmacy Fund	2,500,000
Physical Therapy Board Fund	100,000
Auto Fingerprint Identification Fund	300,000

DNA Identification System Fund	600,000
Department of Public Safety Licensing Fund	500,000
Highway Patrol Fund	700,000
County Fair Racing Fund	125,000
Breeders Award Fund	150,000
Condominium Recovery Fund	5,000
Real Estate Recovery Fund	225,000
Estate and Unclaimed Property Fund	1,132,800
Liability Set-off Fund	1,000,000
School Improvement Revenue Bond Debt Service Fund	1,000,000
Economic Strength Project Fund	2,000,000
Motor Vehicle Liability Insurance Enforcement Fund	5,400,000
State Aviation Fund	18,100,000
ADOT Equipment Fund	3,100,000
Vehicle Inspection and Title Enforcement Fund	1,100,000
Funding Given to ADEQ for State Trust Land Settlement	2,025,500
Budget Stabilization Fund	487,000,000

Budget Stabilization Fund (BSF/“Rainy Day Fund”) Conditional Transfer – By July 29, 2008, the respective staff directors of the JLBC and the OSPB are to jointly determine the preliminary FY 2007-2008 GF ending balance. If the balance is less than \$0, the State Treasurer shall transfer an amount equal to the negative ending balance plus \$1 million from the BSF to the GF.

School District State Aid Apportionment and Conditional Appropriation – Instructs the State Board of Education to defer until August 1, 2008, \$272 million in Basic State Aid and additional state aid payments that would be otherwise apportioned to school districts on June 15, 2008. This deferral does not apply to charter schools.

By July 29, 2008, the respective staff directors of the JLBC and the OSPB are to determine the preliminary FY 2007-2008 GF ending balance. If the balance is greater than \$1 million, the amount above \$1 million is appropriated to the ADE for Basic State Aid and additional state aid entitlement for FY 2008-2009.

School Facilities Board (SFB) – Reduces the FY 2007-2008 GF appropriation to the SFB in the amount of \$43,141,700.

Department of Public Safety – Transfers \$42 million from the Statewide Transportation Acceleration Needs Account (STAN) from ADOT to DPS for highway patrol costs in FY 2007-2008. The bill further requires a corresponding GF appropriation made to DPS to remain unexpended and unencumbered.

employer sanctions (H.B. 2745/S.B. 1374) – Chapter 152 E

Effective May 1, 2008, makes numerous changes pertaining to employer sanctions and identity theft. The major provisions include:

Employer Sanctions – Limits the prohibitions against knowingly or intentionally employing an unauthorized alien to employees hired after December 31, 2007. Stipulates that independent contractors are employers, rather than employees, and that an employer that knowingly or intentionally contracts with an unauthorized alien or with a person who employs or contracts with an unauthorized alien violates the employer sanctions laws. The measure modifies language pertaining

to complaints and the prosecution of and penalties for violations, and establishes an affirmative defense for employers that comply with federal employment eligibility verification requirements.

Requires the Arizona Attorney General to: 1) prescribe complaint forms; 2) request a list of Arizona employers that are registered with the federal E-Verify Program (E-Verify) every three months; and 3) establish a Voluntary Employer Enhanced Compliance Program (Program). An employer that desires to enroll in the Program must submit a signed sworn affidavit agreeing to verify employees through E-Verify or the federal Social Security Number Verification Service. A Program participant does not violate the employer sanctions laws under specified circumstances.

Establishes a civil penalty for cash-paying employers that do not comply with the laws pertaining to income tax withholding, new hire reporting, employment security and workers' compensation. The measure also requires all employers to provide proof of participation in E-Verify in order to receive an economic development incentive from a government entity.

Prohibits, after September 30, 2008, a government entity from awarding a contract to any contractor or subcontractor that fails to use E-Verify as required. Government entities must ensure that each contractor and subcontractor complies with federal immigration law and uses E-Verify.

Identity Theft – Establishes as a class 4 felony the crime of knowingly accepting the identity of another person or entity. Expands the definitions of trafficking in the identity of another person and identity theft.

Miscellaneous – Prohibits, after September 30, 2008, an agency or political subdivision from issuing a license to an individual who does not show specified documentation that establishes the individual's legal presence, except as otherwise specified. Provides for the severability of the provisions.

LEGISLATION VETOED

~~air quality; idling; study committee~~ (NOW: FY 2007-2008 state hiring; moratorium) (H.B. 2043) – VETOED

Prohibits state budget units from using state General Fund monies to hire or promote employees for the remainder of FY 2007-2008, unless the employee is necessary for the protection of public health and safety or the collection or investment of state revenues. Exempts the expenditure of federal funds from the provisions of the moratorium.

In her veto message, the Governor cites Article III of the Arizona Constitution indicating that H.B. 2043 improperly imposes legislative authority on powers belonging to other branches of government. The message further indicates that the measure is unnecessary for two reasons: 1) the general effective date associated with this legislation prevents it from affecting the FY 2007-2008 budget shortfall; and 2) the agencies identified by the legislation are already operating under hiring restrictions.

~~fiscal year 2007-2008; budget adjustments~~ (H.B. 2857) – VETOED

Requires specified amounts of monies appropriated to state agencies in FY 2007-2008 to remain unexpended and unencumbered, and places limitations on the expenditures of specified funds for the remainder of FY 2007-2008. The total amount of identified potential savings is \$582 million. The bill also makes supplemental appropriations.

The Governor's veto message indicates that the measure fails to comprehensively address, in a bipartisan manner, the state's FY 2007-2008 budget shortfall, which is an estimated \$1.2 billion.